

Fiscal TOPICS

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Budget Unit: Transportation Budget – Workers' Compensation

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Purpose and History

Iowa's workers' compensation law was enacted by the 35th General Assembly in 1913 Iowa Acts, Chapter 147, and is now Iowa Code chapter 85. The Iowa Code makes the provision of workers' compensation coverage for injuries sustained in the performance of duties compulsory for all employers in the public sector and many employers in the private sector. Workers' compensation provides for coverage of all approved medical expenses for treatment of the employee's injuries, as well as lost wages if the employee is incapacitated for work for more than three days.

The Department of Administrative Services (DAS) is charged in Iowa Code section 8A.457 with administering the state workers' compensation insurance program for state employees. The DAS is required to assess premiums to all agencies, departments, and divisions of the state for the coverage of benefits extended by Iowa Code chapters 85, 85A, and 85B. The DAS is authorized to contract with a private organization for the management of workers' compensation claims and utilizes the third-party administrator, Sedgwick CMS, for such purposes.

State Funding

The Department of Transportation (DOT) receives appropriations from the Road Use Tax Fund (RUTF) and the Primary Road Fund (PRF) to pay the annual costs of workers' compensation premiums to the DAS. The amount requested by the DOT each year is provided by the DAS via premium notices sent during the summer preceding budget preparation. Premiums are based on a five-year rolling average of claims experience for the DOT. The DOT has managed claims experience through a program aimed at educating employees as to the high-risk, high-frequency activities that typically result in injury of employees. Combined with an aggressive return-to-work policy that encourages employees to return to work on "light-duty status," the DOT has been able to reduce the funding needs by approximately 12.0% over the period of FY 2011 to FY 2014.

Related Statutes

[Iowa Code section 8A.457](#)

[Iowa Code chapter 85](#)

[Iowa Code chapter 85A](#)

[Iowa Code chapter 85B](#)

More Information

Iowa Department of Transportation: <http://www.iowadot.gov/>

Iowa General Assembly: <https://www.legis.iowa.gov/index.aspx>

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